

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND INTERNATIONAL EXPEDITED SERVICES 2
(MC2009-10)

Docket No.
CP2012-52

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO ORDER NO. 1456
(September 28, 2012)

The Postal Service hereby responds to Order No. 1456 of the Postal Regulatory Commission ("Commission") by filing the material indicated below as part of the Non-Public Annex in these proceedings:

USPS-CP2012-52/NP1 Response of the United States Postal Service
to Order No. 1456 (Non-Public Version)

In Order No. 1456, the Commission directed that the Postal Service file the revised Foreign Postal Settlement System (FPS) data used in the model and a reconciliation of these data with the unrevised FPS data and with International Cost and Revenue Analysis (ICRA) data.¹ The request is stated verbatim and is followed by the response. Portions of the response are filed under seal in a nonpublic annex.

This material is provided in response to inquiries about materials already filed in this proceeding under seal. Therefore, with respect to the documents filed under seal with this response, the Postal Service hereby incorporates by reference its Application

¹ Order No. 1456, Order Approving Rate Changes for Inbound International Expedited Services 2, Docket No. CP2012-52, August 30, 2012, at 5.

for Non-Public Treatment originally included as Attachment 1 to the Postal Service's Notice filed in this docket on August 13, 2012.²

Respectfully submitted,

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² Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2012-52, August 13, 2012, at Attachment 1.

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2. The Postal Service is to provide the Commission with unrevised and revised FPS data and a reconciliation with FY 2011 ICRA data within 30 days of the issuance of this Order.

RESPONSE

The reconciliation is provided under seal in the Excel workbook Response Order No. 1456.xls that accompanies this response, but an explanation of some of the terms used in the financial model (Inbound_EMS_2012 08 13.xls) in Docket No. CP2012-52 is needed. On tab 01_Narrative, the second bullet, "Foreign Origin EMS volumes and weight (used to develop unit costs); taken from FY11 FPS Inbound EMS.xls" is correct. The source is the FY11 FPS and those amounts appear in the first two columns following the country names on Response Order No. 1456.xls that accompanies this response.

Subsequent references to "revised" data in Inbound_EMS_2012 08 13.xls are misleading. For instance, the reference to "revised FPS volumes in lieu of ICRA volume" on the first note of tab 02_Inputs and the heading "Revised FPS Volume and Weight" on tab 04_Vol_Wgt are misleading because FPS was not revised. The term "revised" was intended to draw attention to the fact that ICRA data as filed in USPS-FY11-NP2 was being replaced by the Foreign Postal Settlement (FPS) system. There is only FY 2011 FPS data. There have not been any revisions.

As such, the accompanying Excel workbook Response Order No. 1456.xls reconciles the FY 2011 FPS amounts with the FY 2011 ICRA amounts. The first two columns, [A] and [B], show the FPS amounts from the financial model

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Inbound_EMS_2012 08 13.xls submitted in Docket No. CP2012-56 plus the bilateral country amounts (Australia, including Cook Islands; Canada, China and Netherlands). The bilateral country amounts were not presented in Docket No. CP2012-56 because they were not needed, but they are included here to provide a complete reconciliation. Columns [C] and [D] follow and they show negative and missing amounts that were not captured when the ICRA model was run with FPS as the inbound data source. There is a routine in the ICRA model to spread non-zero "Mixed" EMS data to Documents and Merchandise and the routine ignored the negative FPS amounts. In a few instances, a country was missing from one of the quarterly input links in inputs.xls to the FPS data; these tend to be small flows from countries that sporadically send EMS and these omissions are corrected for future ICRA processing. Thus, the first step towards reconciliation is to include the missing amounts to calculate total FPS pieces and weight as shown in columns [E] and [F].

Columns [G] and [H] are next and they are Estimated Accruals from FPS, which are estimates of the number of pieces received but not yet processed. The FY11 ICRA maintained its historic methodology of not including Estimated Accruals from FPS, so these amounts need to be subtracted from the FPS data for reconciliation.

Columns [I] and [J] are the amounts received between October 1, 2011, when the FPS data was finalized, and November 23, 2011, when the data for the FY11 ICRA was finalized. These amounts are added to the FPS data because they were included in the ICRA data.

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The originally filed FPS data plus the Missing Amounts minus the Estimated Accruals plus the Amounts Received between October 1, 2011 and November 23, 2011 are shown in columns [K] and [L]. The FY11 ICRA amounts from USPS-FY11-NP2 appear in the next columns [M] and [N].

Columns [O] and [P] show the differences between the FPS data excluding the Estimated Accruals and including the amounts received between October 1, 2011 and November 23, 2011 and the FY11 ICRA. The resulting total piece and total weight differences are less than one percent of the ICRA amounts.